

THE WHITE HOUSE  
WASHINGTON

April 4, 1956

Dear Mr. Brundage:

The President's message to the first session of the 84th Congress stated that there was need for improvement in certain conditions affecting all United States citizens employed overseas. Among the things mentioned was health and medical care.

Over the past several months, my White House staff has been studying this problem. A report of findings and a draft of a bill incorporating recommendations for improvement of the health and medical situation overseas was prepared. The draft report and bill were submitted to the agencies for informal review and comment early last year. The majority strongly endorsed the objectives and essential features of the proposal. Many of the agency suggestions have been adopted and are reflected in the current draft. The revised draft bill is attached, together with proposed letters of transmittal to the President of the Senate and the Speaker of the House of Representatives.

I will appreciate your obtaining the necessary official clearance on the revised proposal in accordance with established procedures. Please advise me as to whether there is any objection to its being submitted to Congress.

Sincerely,

/s/  
Philip Young

The Honorable Percival F. Brundage  
Director  
Bureau of the Budget  
Washington, D. C.

March 30, 1956

A BILL

To provide health and medical services for United States citizen civilian officers and employees in the Federal service overseas and their dependents, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Overseas Health and Medical Services Act of 1956."

Sec. 2. Objectives. The Congress hereby declares that the objectives of this Act are to improve and strengthen the administration of Federal Government activities overseas by -

(a) Making available, insofar as feasible, adequate health and medical services to U. S. citizen employees of the United States Government serving outside the continental United States, and the dependents of such employees, for the purpose of protecting the health of such employees and their dependents;

(b) Providing, to the extent feasible, a uniform program of health and medical services for overseas civilian personnel of all agencies of the Government;

(c) Reducing employee absenteeism and increasing on-the-job effectiveness;

(d) Reducing governmental expenses by holding to a minimum the need for returning overseas employees to this country because of a breakdown in the health of employees or their dependents;

(e) Facilitating the recruitment and retention of personnel for service in overseas areas;

(f) Protecting personnel from excessive medical expenses when assigned overseas.

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Sec. 3. Definitions. When used in this Act, the term -

- (a) "Government" means the Government of the United States of America.
- (b) "Agency" means any department, board, bureau, office, agency, commission, or other establishment in or under the executive, judicial, or legislative branch of the Government, including a Government-owned or controlled corporation.
- (c) "Continental United States" means the existing forty-eight States and the District of Columbia.
- (d) "Overseas" means (1) all foreign countries, and (2) those U. S. Territories and possessions or portions thereof which shall be designated by the President as "overseas" by reason of adverse health conditions or unavailability or inadequacy at such places of suitable non-Federal health and medical services or facilities.
- (e) "Employee" means a United States citizen civilian officer or employee of an agency.
- (f) "Dependent" means any of the following members of an employee's overseas household: spouse, children (including wards, stepchildren and adopted children) unmarried and under twenty-one years of age or physically and mentally incapable of supporting themselves regardless of age, or dependent parents of employee or spouse.
- (g) "Out-patient care" shall mean the physicians' services in the office, out-patient department, clinic or home; laboratory, x-ray and other diagnostic services which do not require admission to the hospital.
- (h) "In-patient hospital care" means medical, surgical and other health services which require admission to the hospital.

Sec. 4. Physical Examinations. Subject to such standards as the

expenses of, suitable pre-employment, pre-departure, and periodic physical examinations for applicants, employees, and their dependents, selected for, being transferred to, or serving at official duty stations outside continental United States.

Sec. 5. Immunization Services. The head of each agency may provide, or pay for the expenses of, all inoculations or vaccinations deemed necessary to protect the health of employees and their dependents being sent to, or serving at, official duty stations outside continental United States.

Sec. 6. Medical Travel. The head of each agency may, where in his judgment the local medical facilities at an overseas post are unsuitable for the hospitalization of an illness, injury, or maternity of any employee or dependent, provide or pay for travel of the employee or dependent to the nearest locality where suitable medical care may be obtained, and upon recovery, provide or pay for the travel for return to a post of duty. Such travel may be provided by whatever means the head of the agency deems appropriate and without regard to the Standardized Government Travel Regulations and Section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 USC Sec. 73b). If the employee or dependent is too ill to travel unattended, the head of each agency may also pay the compensation and provide or pay for travel expenses of an attendant or attendants.

Sec. 7. Out-Patient Care. (a) The head of each agency may provide necessary out-patient care for illness and injuries, including pre-natal and post-natal care, for employees overseas and their dependents.

(b) The cost of such care shall be shared by the employing agency and the employee. The employee and dependents' share of the cost of out-patient care shall be prescribed from time to time by the President and shall represent an amount which is from one-fourth to one-half of the average cost to the Government per visit for furnishing such care. All sums received

from the employee or his dependents in payment of out-patient care shall be deposited to the credit of the appropriation or fund supporting the facility or program furnishing the care.

(c) The out-patient care may be provided, as the head of the agency deems advisable, through agency facilities, through mutually agreed upon arrangements with other agencies, through cooperative arrangements with foreign governments, or by purchase on a fee or contractual basis or by any other appropriate means.

Sec. 8. In-Patient Hospital Care. (a) The head of the agency may provide necessary in-patient hospital care for illnesses or injuries, including maternity, for overseas employees and their dependents.

(b) The payment of the cost of such care shall be as follows:

(1) For employees -- The head of the agency is authorized to pay, in full, the cost of necessary in-patient hospital care for illness or injuries incurred overseas, not the result of vicious habits, intemperance or misconduct.

(2) For dependents --

(i) in Government hospitals or clinics treatment may be provided at a daily rate, to be prescribed by the President, which represents an amount from one-quarter to one-half of the average daily cost to the Government for providing such care; provided, that the aggregate of such daily charges paid by dependent for each illness or injury shall not exceed \$35.00.

(ii) In private hospitals, the dependent shall pay for the first \$35 of the cost of treatment for each illness or

the President may prescribe, the head of the agency shall assume the remaining costs.

All sums received from dependents in payment of in-patient hospital care shall be deposited to the credit of the appropriation or fund supporting the facility or fund providing the care.

(c) Care provided or paid for, under the provisions of (a) and (b) above, shall be limited to a maximum of 120 days in-patient hospital care for each illness or injury; Provided, that this limit shall not apply in those cases where a clear causal relationship between the illness or injury and dependent's period of habitation overseas can be established by a cognizant Federal medical officer.

(d) The in-patient hospital care may be provided, as the head of the agency deems advisable, through agency facilities, through mutually agree upon arrangements with other agencies, through cooperative arrangements with foreign governments, or by purchase from private hospitals or by any other appropriate means.

Sec. 9. Establishing Medical Facilities. Subject to such standards and limitations as the President shall prescribe, the head of any agency may establish first aid stations, clinics or dispensaries, and provide the services of a physician <sup>(name a few med. pers?)</sup> at an overseas post where in his judgment there are sufficient personnel to warrant such action and where the local facilities are inadequate to meet the health and medical needs of the employees and their dependents. ✓

Sec. 10. Utilization of Existing Medical Services and Facilities.

(a) The Department of Defense and each other agency which operates facilities for medical care overseas is hereby authorized to provide physical examinations, immunizations, out-patient care and in-patient ✓

dependents of other agencies subject to the availability of space, facilities, and capabilities of the medical staff; Provided, That the amounts expended by the agencies operating the facilities for providing such services shall be reimbursable by the requesting agency at such rates as the Director of the Bureau of the Budget shall prescribe less amounts payable by the employee or dependent. Amounts received in payment of treatment or as reimbursement shall be deposited to the credit of the appropriation supporting the Government medical facility furnishing the care.

(b) The Department of State is hereby authorized to make available to other agencies, upon the request of such agencies, the services of the Foreign Service medical program, which includes physical examinations, inoculations and vaccinations, medical travel, out-patient care, and other health services, to the employees of requesting agencies and to their dependents; Provided, That each such agency shall reimburse the Department by annually paying to it for each such person an amount set by the Secretary which shall reflect the average cost per person for maintaining this program. Such amounts shall be deposited to the credit of the appropriation or fund supporting the medical program.

Sec. 11. Administration. The President shall coordinate the programs and activities of the agencies in providing health services to overseas employees and their dependents. The President is hereby authorized to promulgate such regulations as may be necessary and proper to give effect to the intent, objectives, and provisions of this Act.

Sec. 12. For the purpose of performing functions vested in the President by this Act as he shall direct, he may establish an Overseas Medical Board comprised of representatives from the principal agencies having personnel overseas and such other agencies as he may designate.

Sec. 13. The following laws and parts of laws are hereby repealed:

(a) Sections 941 and 942 of the Foreign Service Act (60 Stat. 999).

(b) Section 5 (a) (5) of the Central Intelligence Act of 1949 (63 Stat. 208).

(c) Section (a) of the Act entitled "To provide basic authority for the performance of certain functions and activities of the Department of Commerce, and for other purposes," approved October 26, 1949 (63 Stat. 907).

(d) That phrase in the first sentence of Section 4 of the Act of May 10, 1943 (57 Stat. 80), which reads as follows: "to the officers and employees of any department or agency of the Federal Government,".

(e) All other laws or parts of laws to the extent that they are inconsistent with the provisions of this Act are hereby repealed.

Sec. 14. Nothing contained in this Act shall be construed to deprive any employee or dependent of any benefits provided by the Federal Employees' Compensation Act of 1916, as amended (5 USC sec. 751 et seq), and the Act of August 8, 1946, as amended (5 USC sec. 150).

Sec. 15. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Sec. 16. This Act shall become effective sixty days from the date of its enactment.



SECTION ANALYSIS OF  
A BILL

to provide health and medical services for United States citizen civilian officers and employees in the Federal Service overseas, and for other purposes.

Sec. 1. Provides that the Act may be cited as the "Overseas Health and Medical Services Act of 1956."

Sec. 2. States the objectives of the bill.

Sec. 3. Defines terms frequently used in the bill. "Continental United States" is defined as the existing 48 states and the District of Columbia. Thus, statehood for Alaska would not terminate the health and medical benefits to persons in, extremely remote sections of that area. The definition of "Overseas" includes (1) all foreign countries; and (2) those Territories and possessions or portions thereof which shall be designated as "overseas" by the President by reason of adverse health conditions or unavailability or inadequacy at such places of suitable non-Federal health and medical services or facilities. Thus, it would permit certain areas such as Hawaii and portions of Alaska to be excluded from coverage by regulation while allowing for such areas as Guam or the Panama Canal Zone to be included. The definition of "Dependents" is intended to cover the same persons that employees are permitted, by travel regulations, to have accompany them overseas at Government expense.

Sec. 4. Authorizes the heads of agencies to provide at Government expense employment, pre-departure and periodic physical examinations for applicants, employees and their dependents selected

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for, being transferred to, or serving at official duty stations outside the continental United States. The purpose of these examinations is to assure, insofar as possible, that persons sent overseas at Government expense are in good health and not suffering from conditions which will make them medical liabilities overseas. Standards for such examinations would be promulgated by the President.

Sec. 5. Gives legal authorization for providing those inoculations and vaccinations necessary to protect the health of employees and their dependents. For the most part these services are now furnished by the agencies. It is intended that this authorization will make the practice uniform.

Sec. 6. Authorizes the head of each agency to provide or pay for travel of any employee or dependent from those posts, which in his judgment, are unsuitable for the hospitalization of an illness or injury or maternity to the nearest locality where suitable medical care may be obtained. Such travel may be provided by whatever means the head of the agency deems appropriate and without regard to the Government Travel Regulations and Section 10 of the Act of March 3, 1933. That Act makes it mandatory to use the lowest available first-class accommodations which, if a person is ill, may not be suitable for his transportation.

If the employee or his dependent is too ill to travel unattended, the head of the agency is also authorized to pay for the compensation and travel expenses of an attendant or attendants.

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Sec. 7(a). Authorizes the head of each agency to provide necessary out-patient care (which covers physician's services in office, out-patient department, clinic or home; laboratory, x-ray and other diagnostic services which do not require admission to the hospital) for illness or injuries, including pre-natal and post-natal care for employees overseas and their dependents.

(b). Provides that the cost of out-patient care shall be shared by the employing agency and the employee. The employee and dependents share of the cost will be prescribed by the President at a rate representing from one-fourth to one-half of the average cost to the Government for providing such care.

(c). Authorizes the head of the agency to provide the out-patient care by whatever means are appropriate. This might include through agency facilities, through cooperative arrangements with other governments, or by purchase on a fee or contractual basis from local physicians or by any other appropriate means.

Sec. 8(a). Authorizes the head of each agency to provide necessary in-patient hospital care for illness or injuries, including maternity, for employees and their dependents overseas.

(b). Prescribes the manner in which the cost of in-patient hospital care shall be met, and how the charges will be fixed.

(1). Provides that employees will be furnished in-patient hospital care at government expense, for illness or injuries incurred overseas which are not the result of vicious habits, intemperance, or misconduct.

(2)(i). Provides that in a Government hospital or clinic dependents may receive treatment at a daily rate to be fixed by the President, which represents an amount from one-fourth to one-half of the average daily cost to the Government for providing such care. It also provides that the aggregate of such daily charges paid by the dependent for each illness or injury shall not exceed \$35.00. Thus, if the current Department of Defense charge of \$5.00 per day for hospitalization were continued, the patient would pay the daily charge for only the first 7 days.

(ii). Provides that in private hospitals dependents shall pay for the first \$35.00 of the cost of treatment for each illness or injury and that subject to such regulations and standards as the President may prescribe, the heads of agencies shall pay for those expenses in excess of \$35.00.

(c). Limits care provided to 120 days of in-patient hospital care except in those cases where a clear causal relationship can be established between the illness and the dependent's period of habitation overseas. If such a relationship could be established, the government would continue treatment.

(d). Authorizes the heads of agencies to provide in-patient hospital care by whatever means are appropriate. This might include agency facilities, through cooperative arrangements with other governments, or by purchase from a private hospital or by any other appropriate means.

Sec. 9. Authorizes agency heads to establish first aid stations, clinics, or dispensaries and provide the services of a physician at those posts where there are sufficient numbers of personnel to warrant such action and where local private facilities are inadequate to meet the health and medical needs of employees and their dependents. Regulations and standards for establishing such facilities will be prescribed by the President.

Sec. 10(a). Authorizes the Department of Defense and each other agency operating medical treatment facilities overseas to provide physical examinations, immunizations, out-patient care, and in-patient hospital care at such facilities to their overseas employees and their dependents and the employees and dependents of other agencies, subject to the availability of space, facilities and capabilities of medical staff and provided it does not interfere with the primary mission of the facility. The agencies utilizing the services or facilities of another agency in obtaining physical examinations, immunizations, out-patient care and in-patient hospital care would be required to reimburse the providing agency, less amounts payable by the employee and his dependents, at rates prescribed by the Director, Bureau of the Budget to cover full cost of such services.

(b). Authorizes the Department of State to make available to the employees of other agencies and their dependents, upon the request of the interested agency, the services of the Foreign Service medical program. Each agency utilizing such services is required to reimburse the Department of State for each person participating at a rate set by the Secretary which will reflect

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Sec. 11. Makes the President responsible for coordination of the programs and activities of the various agencies in providing health and medical services to overseas employees and their dependents. It also authorizes him to promulgate regulations necessary to administer the provisions of the Act.

Sec. 12. Authorizes the President to create an Overseas Medical Board to perform functions vested in him by this Act.

Sec. 13(a). Repeals Section 941 and 942 of the Foreign Service Act of 1946 (60 Stat. 999) relating to medical services authorized for officers and employees of the Foreign Service.

(b). Repeals Section 5(a)(5) of the Central Intelligence Act of 1949 (63 Stat. 208) relating to medical services for employees of CIA. ✓

(c). Repeals section (a) of the Act of October 26, 1949 (63 Stat. 907) which provides that employees and dependents of the Department of Commerce and other Federal agencies may be furnished free emergency medical services and supplies when the Secretary of Commerce judges such supplies and services are necessary.

(d). Repeals that phrase of Section 4 of the Act of May 10, 1943 (57 Stat. 80) which reads as follows:

"to the officers and employees of any department  
or agency of the Federal Government,".

The Act relates to hospitalization of dependents of naval and Marine Corps personnel.

(e). Provides that all laws and parts of laws to the extent that they are inconsistent with the provisions of this proposal are hereby repealed. ✓

Sec. 14. Provides that nothing contained in the Act shall be construed to deprive any employee or dependent of any benefits provided by the Federal Employees Compensation Act of 1916 or the Act of August 8, 1946 relating to health service programs in the Federal Government.

Sec. 15. Authorizes appropriation of funds to carry out the provisions of this Act.

Sec. 16. Provides that this legislation shall be effective 60 days from the date of its enactment.

STATEMENT OF PURPOSE AND JUSTIFICATION

FOR

A BILL

To provide health and medical services for United States citizen civilian officers and employees in the Federal Service overseas, and their dependents, and for other purposes.

Purpose

1. To provide statutory authorization whereby all agencies can make health and medical services available to employees and their dependents overseas who are now not receiving any benefits;
2. To provide statutory authorization for care now being furnished to overseas civilian employees of the Department of Defense and their dependents;
3. To provide, to the extent feasible, a uniform overseas program of health and medical services for the personnel of all agencies; and
4. To protect personnel from excessive medical expenses when assigned overseas.

Justification

Background

In assessing the need for, and the extent of the health and medical services to be provided for overseas employees and their dependents, consideration must be given to the complexity of medical factors which increase the health hazards of overseas assignments.

Overseas U. S. citizen employees and their dependents are subject to certain risks to life and health which stateside Federal employees do not normally encounter. Amoebic Dysentery, Infectious Hepatitis, Tuberculosis,



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Malaria, Typhoid Fever, and certain other diseases are more prevalent overseas. In many areas, health and sanitary conditions are worse and local physicians and hospitals are frequently poor by American standards. In some under-developed areas there are no doctors or hospitals. The language barrier is a constant source of potential difficulty in obtaining hospitalization or medical care.

Overseas Practices of Private Firms

Studies of the medical practices of U. S. firms operating overseas indicate that the larger firms provide rather generous medical benefits for both employees and their dependents. The Arabian American Oil Company, for example, has established hospitals and clinics in Saudi Arabia at which its 3,800 American employees (including families) and its over 10,000 Saudi Arabia employees receive both out-patient and in-patient hospital care.

Standard Oil Company of New Jersey reports that medical services are furnished through one of the following four methods:

1. The company establishes a Medical Department where doctors and nurses are employed on a full-time basis.
2. The company engages the services of a well-qualified private doctor to provide specific services in his own office. The company is then billed on a fee basis. (In some instances, the company provides the facilities.)
3. The company enters into a contract with a private clinic or a private doctor to furnish specific medical services for a specified regular fee.

4. The company financially assists a private doctor (in foreign locations only) in establishing his own clinic. In this case, the company pays the doctor for services rendered to employees, and the employee pays the doctor for services to any of his dependents.

Selection of the method to be used in providing medical services is determined by the factors of employee population, permanence of operations in the area concerned, and availability of suitable private doctors and clinics. For the most part, where medical services are provided by private firms, care is provided without cost to the employees and dependents or at nominal cost.

Although there is little uniformity in the practices of private firms, many of the smaller companies supply health and accident policies free or at low cost following their domestic plan. Some supplement these with special climate and disease provisions in their overseas group policies. Others make generous provisions in the basic salaries or in various allowances to compensate employees for the added risks.

#### Overseas Benefits for Military Dependents

In overseas locations, civilian employees and their dependents and members of the uniformed service and their dependents work and live side by side and are generally subjected to the same environmental conditions. Military personnel receive complete medical care at government expense. Dependents of military personnel are presently provided out-patient care, without cost. Under the proposed dependent medical care bill, however, the Secretary of Defense would be authorized to establish minimal charges for out-patient care when he determines it is necessary.

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It is interesting to note that the House Report on the bill (Report No. 1805) stated that "this will permit the Secretary of Defense to impose a modest charge of perhaps 50 cents, and certainly not to exceed \$1.00, to prevent abuses of out-patient care provided to dependents in service facilities." Hospitalization is provided to military dependents overseas in military facilities at a charge of \$1.75 per day to cover subsistence. In addition, under the proposed legislation, the Secretary of Defense would be authorized, if such facilities are not available, to enter into contracts with local physicians and hospitals when they are considered acceptable for the provision of medical services. Such care will be provided at government expense with the dependent paying no more than he would at a military facility.

Present Federal Health and Medical Provisions

All overseas employees are eligible for the benefits of the Federal Employees Compensation Act of 1916 for illnesses or injuries incurred during the performance of duty. Other than this, however, the arrangements for, and the provision of health and medical services for employees and their dependents differ from agency to agency. For example, the Department of Defense, which employs over 65% (21,500) of the personnel in Foreign countries, permits its employees and their dependents, who are near military medical facilities, to use those facilities when local physicians and hospitals are unsuitable, provided it will not interfere with medical care for military personnel. No provision is made for some 1,100 Department of Defense employees and their dependents who are not near military

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medical facilities. The Department of State and the agencies eligible for benefits of the Foreign Service Act of 1946 (ICA, USIA, and Foreign Agricultural Service) provide hospitalization at Government expense for illness or injuries incurred overseas by employees, but not for dependents. In addition, however, they provide physical examinations, first aid, medical advice, immunizations and certain other minor services for both employees and dependents. With the exception of the Canal Zone Government, the other agencies provide few medical services for their overseas personnel. See Table 1 (next page) for a more complete breakdown of present agency practices for providing health and medical services.

Government Interests and Responsibilities

It has been an established principle to compensate Federal employees overseas (1) for additional expenses associated with overseas service not incurred or not incurred on a comparable scale by Federal employees in the United States, and (2) for living conditions at overseas posts that are relatively adverse when compared with living conditions in the States. In the case of health and medical services, however, it is very difficult to follow this principle, because no amount of money adequately compensates a person for risking his life and health. A more humane principle, and one which is followed overseas by a number of agencies, is to attempt to lessen the burden by making some type of suitable medical services available to its employees. This action can be justified in a number of ways:

TABLE I  
COMPARISON OF PRESENT AGENCY PRACTICES FOR PROVIDING  
HEALTH AND MEDICAL SERVICES TO OVERSEAS EMPLOYEES AND THEIR DEPENDENTS

Prepared by: The Office of the President's  
Advisor on Personnel Management  
April 2, 1950

HEALTH AND MEDICAL PROVISIONS		AGENCY		PUBLIC HEALTH SERVICE		ALL OTHERS	
STATE, ICA, USA AND FOREIGN AGRICULTURAL SERVICE		DEPARTMENT OF DEFENSE		PANAMA CANAL ZONE		ALL OTHERS	
1. EMPLOYEES COMPENSATION	Government employees overseas are entitled to the benefits of Employees Compensation Act of 1915. Under this Act civilian employees are entitled to care for, and compensation for loss of earnings, disability and death due to injuries incurred in the performance of duty. The term "injury" is interpreted to include disease proximately related to performance of duty. DDC has held that employees are entitled to medical care and compensation for a disease contracted overseas which the employee would probably not have contracted in this country.	Yes - Hospitalization provided by Canal Zone Government at charge of \$1.25 to \$7.00 per day depending upon the income of the head of family. Agencies reimburse the Canal Zone Government for the difference between the average cost of \$422.00 per day and the amount the patient pays.		Commissioned officers entitled by law to same medical benefits as Armed Forces. By PHS regulations care at expense of Service is limited to emergency medical care.		None - Employees obtain at their own expense.	
2. HOSPITALIZATION	Yes - Section 941 of Foreign Service Act of 1946 authorizes the agency to pay for the cost of treatment for illnesses or injuries which were incurred abroad, serious enough to require hospitalization, and not the result of vicious habits, intemperance or misconduct.	Yes - when near military medical facilities. On a space available basis if local private facilities are inadequate. Charge of \$5.00 per day includes all expenses. Charge of \$5.00 per day if not near military medical facilities employees on their own.		None - Dependents obtain at their own expense.		None - Dependents same as above.	
3. OUTPATIENT TREATMENT	For those illnesses or injuries resulting in at least one day's hospitalization, the program is on cost of the physician's services before hospitalization. Other care limited to first-aid treatment by nurse or doctor at 20 of the 257 posts. Employees otherwise on their own.	Yes - near military medical facilities. Charge of \$1.75 per visit. Charge includes laboratory, x-ray, prescriptions, etc. No - If not near military medical facilities. Employees obtain treatment at own expense.		Emergency treatment only.		None.	
4. DENTAL CARE	Courtesy first-aid service at those 20 posts where health rooms have been established. Dependents otherwise on their own for treatment. No charge.	Yes - Same as above.		None.		None.	
5. PHYSICAL EXAMINATIONS	Rigid pre-employment and periodical physical examinations before assignment and upon return from overseas for home leave, etc.	Yes - Pre-employment and pre-departure examinations more rigid for overseas candidates than for stateside employees.		Rigid physical examinations provided at Canal Zone Government-Panama Canal Company expense.		No uniformity - Some agencies require no rigid physicals; a very few use the same standards as are required for stateside employees.	
6. IMMUNIZATION	Both employees and dependents receive vaccinations and inoculations at agency expense.	Necessary immunization provided at agency expense for both employees and dependents.		Provided at agency expense for employees and dependents.		Employees generally furnished necessary immunization. In a few cases dependents are required to obtain inoculations and vaccinations at their own expense.	
7. MEDICAL TRAVEL	In the event of an illness or injury requiring hospitalization in a locality where no suitable hospital or clinic exists, the head of the agency may pay for the travel expenses to the nearest locality where suitable care can be obtained and upon recovery pay for return to his post of duty. Travel expenses of attendant also authorized.	When a person becomes part of the military medical treatment "chain" he is automatically eligible to be evacuated to the place where he can best be treated. Persons in isolated areas may be authorized to use MATS transportation.		Authorized to travel to medical facilities at Service expense in emergency cases.		Department of Commerce authorized to furnish emergency medical supplies and free emergency transportation by P.L. 350, 61st Congress. Department of Commerce limit care to providing transportation from overseas to points where they can obtain at least some of the necessary medical services and return.	
8. USE OF EXISTING GOVERNMENT MEDICAL FACILITIES	Employees eligible for Foreign Service Act benefits may be treated in military medical facilities and Public Health Service hospitals at standard rate of \$17.50 per day.	Employees may use Department of Defense facilities on space available basis when local facilities are inadequate. Eligibility by determination made by local commander. No other provisions.		Government operates two general hospitals and other medical facilities. Open to all Government employees in the Canal Zone.		-T. A. clinic in Philippines will admit United States only. Employees use military medical facilities on courtesy basis.	
b. Dependents	As a matter of courtesy dependents are treated in military medical facilities overseas on a space available basis. When local private facilities are inadequate, usually by determination of local military commander. Treatment provided at \$17.50 per day rate.	Same as above.		Same as above.		Very little available. As a matter of courtesy, Department of Defense facilities sometimes made available on space available basis when local private facilities are inadequate. Charged at rate of \$17.50 per day.	

1. It is financially worthwhile to do so. The importance of good health is axiomatic; its effect on efficiency, production, lost time and turnover is readily recognized. Overseas, the Government has an increased interest in protecting the health of the employee and his dependents because it has made a considerable monetary investment in recruiting and training him, and in transporting him and his dependents and effects overseas. For example, the average cost of transportation for a Department of Defense employee, his three dependents and his effects from Washington, D. C. to Tokyo is \$1900 (using government transportation). Every time the employee fails to complete an assignment because of health reasons, the Government loses a good share of this investment.
2. It is necessary in order to maintain the government's competitive position with private industry in obtaining the finest and ablest personnel possible. A sound health and medical services program is an important factor in developing and maintaining an effective overseas working force. Experience has shown that many persons are reluctant to accept overseas assignments unless some reasonable assurance is given that their health and medical needs (and those of their families) will be adequately met. Private firms have recognized this and have provided health benefits accordingly. Until this can be done, by the government, it will continue to be an obstacle to recruiting and retaining competent employees.

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3. The Government has a certain responsibility as an employer to provide the necessary health and medical services. In sending a person overseas, the Government places him in an environment dissimilar to that to which he is accustomed. He is frequently subjected to greater health hazards and is divorced from normal community facilities available for treatment of illness or injury. The Government should, accordingly, assume a greater responsibility for the health of employees than it would in the case of employees in this country. Studies have shown that a larger percentage of those persons who adjust readily, and are successful in the overseas environment are well rounded, mature individuals who have close family ties and have their families with them overseas. The Government recognized this in permitting dependents to accompany employees at Government expense. Under the circumstances, the Government, as an employer, is under some obligation to see to it that reasonably adequate medical care is available locally for dependents as well as employees or that provision is made when they become ill for moving them to a place where suitable care may be obtained.
4. The desirability of assuming a portion of the employees' costs of budgeting for medical care is recognized by the Federal Government in the proposed bill which would provide non-occupational group major medical expense insurance for Federal employees and their dependents. It is not inconsistent with this proposal for

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the Government overseas, because of the additional health risks and unusual conditions, to accept a greater degree of financial responsibility. In doing so, however, it should continue the principle of having the employee share in the cost of providing such medical care to dependents.

Proposed Uniform Benefits

The proposed legislation would eliminate the inequities in the medical benefits presently available to the employees of the various agencies.

The proposal would authorize the heads of agencies to furnish to employees and dependents, at government expense, the following services:

1. Physical examinations - Under standards prescribed by the President, pre-departure and periodical physical examinations would be given to both employees and dependents to assure that persons sent overseas at Government expense are in good health and are not suffering from conditions which will make them medical liabilities.

Physical examinations are now generally provided all employees before they go overseas. Only in the case of agencies subject to the provisions of the Foreign Service Act of 1946, as amended (State, USIA, ICA and Foreign Agricultural Service) are dependents given physical examinations prior to going overseas. This proposal would enable all agencies to provide or pay for physical examinations (including psychiatric examinations) for dependents.

2. Complete immunizations - All inoculations or vaccinations deemed necessary to protect the health of employees and their dependents being sent to or serving at official duty stations outside the



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Continental United States would be provided or paid for by the employing agency.

For the most part, agencies are now providing immunizations at Government expense to the employee and in many cases to his dependents as well. Sec. 943 of the Foreign Service Act of 1946, as amended, provides authorization whereby the Department of State, USIA, ICA and the Foreign Agricultural Service may provide necessary immunization to their employees and dependents. The principal authorization for other agencies is contained in the Government Travel Regulations which provide that charges for inoculations may be considered a proper expense incident to travel beyond the Continental United States. Because of the obvious health protection, statutory authorization applicable to all agencies should be available.

3. Medical Travel - When local medical facilities at an overseas post are unsuitable for the hospitalization of an illness or an injury of an employee or dependent the head of the agency would be able to provide or pay for travel to the nearest locality where suitable medical care could be obtained, and upon recovery pay for the travel for return to post of duty. In those instances where it might be necessary for an attendant or attendants to accompany the patient, the agency could pay their compensation and travel expenses.

At present, all employees may be furnished transportation for the purpose of securing medical treatment for on-the-job illness or injuries. Those agencies subject to the benefits of the Foreign Service Act of 1946, (State, USIA, ICA and Foreign Agricultural Service) may also pay for the medical travel expenses of employees who become ill or injured

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overseas. With the exception of the (Department of Commerce,) no agency has statutory authorization to pay for medical travel for dependents.

Although the Department of Defense permits civilians admitted to military medical facilities to be evacuated to the nearest hospital where treatment may be obtained, it does so only because space is available through Military Air Transport Service facilities.

Employees are often apprehensive about accepting assignments in under-developed areas where adequate hospital facilities are not available because of the personal financial risk involved, should one of their dependents become ill. One way air fare, for example, from Bombay, India to New York City is \$928.00. Such a disaster could well wipe out a man's savings. Inasmuch as the employee and his dependents are representing the U. S. Government in these under-developed areas, it is believed the employing agency should assume the financial burden of transporting the person to a place where medical facilities are available.

To meet the problem of making medical care available to employees and dependents, the proposal would authorize the heads of agencies to provide out-patient care and in-patient hospital care for all illness or injuries incurred overseas. It is estimated that, at the present time, approximately 70% of all overseas employees are now receiving some type of medical care from military medical facilities. This is necessary in most instances and should continue because it is often the only adequate and reliable medical care obtainable from English speaking doctors.

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In those areas where local medical facilities are adequate, they will be utilized by American personnel. In such instances it is believed that it would be advantageous for the agency with the greatest number of personnel to enter into contractual arrangements with a local physician or hospital to insure that necessary services will be available to U. S. citizen personnel of all agencies at reasonable rates. At some posts arrangements can be made with competent doctors from other countries as is the case in Warsaw where medical care is furnished the U. S. personnel by a British Embassy dispensary. Although this proposal would permit the head of each agency to provide care by any means he deems appropriate it is anticipated that agencies will enter into cooperative arrangements to provide care by the most economical means rather than all going out on their own.

Because of the medical care benefits currently available to overseas employees, and their dependents, it is believed that this authorization would extend care to an additional 10% of the employees and possibly 35% of the dependents. However, as is indicated in the comparison of present agency practices for providing health and medical services (Table I above), there is a great deal of variation in the benefits available to the employees and dependents of different agencies. Inasmuch as there is no valid justification for these differences, this authorization would make possible a program of uniform medical benefits for the employees and dependents of all agencies.

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This proposal would also provide statutory authorization for the care now provided by the Department of Defense. With the exception of the Department of Navy, 1/ the military departments do not have specific statutory authority to provide medical care for civilian employees and their dependents. The Department has inherent authority to provide the proper medical care for military personnel. Care is given civilians only when adequate private care is not available locally, and on the basis that they are supporting the defense effort and are necessary to the accomplishment of the military mission. The proposal does not contemplate any new expansion of medical facilities for the uniformed forces.

The proposed legislation would have the employees pay for out-patient care on a fixed-fee-for-service basis. The fee would be established by the President and would represent an amount which is from one-fourth to one-half of the average cost to the Government per visit. The Department of Defense estimates its average cost per out-patient treatment to be \$3.65. The current out-patient charge in Department of Defense facilities is \$1.75.

At the present time, those agencies eligible for the benefits to the Foreign Service Act of 1946, (State, USIA, ICA and Foreign Agricultural Service) comprising nearly one-third (10,000) of the Federal employees serving in foreign countries, are provided hospital care at government expense.

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1/ The Act of May 10, 1943 (57 Stat. 81; 24 U.S.C. 34), authorizes medical treatment in Naval hospitals and dispensaries outside the Continental United States for officers and employees of any department and agency of the Federal Government and their dependents.

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In overseas locations, many Department of Defense employees are dependents of military personnel, eligible for free care except for a small subsistence charge. Inasmuch as these employees have had these hospital benefits for some time, it would not be feasible or desirable to establish a requirement that they should have to pay for services they have traditionally obtained free.

Similarly, it is believed that there is no justification for charging one segment of employees for hospital care while giving it to another group at government expense. Accordingly, this proposal would authorize hospital care at government expense for all employees. For dependents, the cost of in-patient hospital care would be shared by dependents and the agencies on a fixed fee or a deductible basis.

In Department of Defense hospitals, the current daily charge to dependents of Department of Defense civilian personnel is \$5.00. This includes room and board, surgery, medical care and all related services. The Bureau of the Budget estimates the average daily cost to the government at \$19.25 per day. To permit the Department to continue its present practice, the proposal would have the President prescribe the daily charge to be made to dependents in government hospitals at a rate which is between one-fourth and one-half of the average daily cost to the government.

Dependents would be protected against the cost of excessive treatment by the imposition of a proviso that after aggregate of the daily charges reached \$35.00, the agency would pay for the cost of treatment. For hospital care provided in private hospitals, the dependent would pay the first \$35.00 of all in-patient hospital charges for each illness or injury and the employing agency would assume the difference between the deductible and the full cost,

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The regulations and standards to be prescribed by the President will provide control features such as schedules of maximum fees which could be paid for any particular type of illness or injury. They might also exclude certain types of care, such as elective cosmetic surgery.

The underlying consideration in arriving at a fair and equitable system of fees or deductibles for medical care should be that they will be at a rate high enough to prevent abuse or malingering and yet low enough to encourage individuals to seek, at an early date, medical care necessary for the maintenance of good health. It should also be established with cognizance of the fact that the individual has little or no freedom of choice in selecting doctors, hospitals, or even the type of treatment he will receive.

In arriving at the \$35.00 deductible, consideration was given to the fact that eligible Department of Defense dependents of civilian employees overseas now receive hospitalization of \$5.00 per day. Inasmuch as the average patient stay is 6.5 days, it is believed that \$35.00 would be representative of the average cost at the present time.

To place a ceiling on the care which may be provided, a maximum limit of 120 days in-patient hospital care has been imposed, except that treatment would continue at Government expense in those cases where a clear causal relationship between the illness and the patient's overseas service could be established by a cognizant Federal medical officer. Available statistics indicate that over 98% of all cases are hospitalized less than 120 days. Those cases which required longer treatment, but which could not clearly be attributed to the patient's overseas service would be eligible for coverage under the major medical expense insurance proposed for all Federal employees. In such instances, the amounts expended by the Government and the patient would be deemed sufficient to meet, in full, the hospital and surgical expense

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deductibles of that program.

To prevent overlapping of agency services and duplication of Federal medical facilities overseas, the proposed legislation authorizes the Department of Defense, the Department of State, and each agency which operates facilities or provides services for medical care overseas to make those facilities or services available to all Federal employees and dependents, regardless of the agency for which they work. If it were necessary to return the patient to the Continental United States or other non-overseas area for treatment, it is intended that the same authorization would apply to use of government facilities in these areas. ✓

To provide minimum medical care for employees and their dependents who serve in areas where no adequate local medical care is obtainable, the heads of agencies would be authorized to establish first aid stations, clinics or dispensaries, provided there are sufficient U. S. citizen personnel in the area to warrant such action. This is authorizing language only. Its implementation is dependent upon the availability of funds, the request for which would necessitate Bureau of the Budget review and approval.

#### Administration

The President would:

- Promulgate such regulations and standards as may be necessary to implement the provisions of the Act;
- Coordinate the various agency medical programs to prevent duplication and waste of medical resources;
- Prescribe the charges to be made for in-patient hospital care in government hospitals and the charges for out-patient care.

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- Designate which Territories and possessions are to be considered overseas; and
- Create an overseas medical advisory board to assist him and maintain inter-agency liaison.

Agencies would:

- Administer the health and medical services program within the framework of law and regulations.

Number of Employees Covered

1. Employees in foreign countries	32,000
Department of Defense	21,500
Department of State, ICA, USIA, Foreign Agricultural Service	9,500
All others	1,000

The ratio of dependents to employees is approximately 1 to 1.

Because of the variety of benefits currently available, many employees and their dependents are now receiving part or all of the medical services authorized by this proposal. The estimate of the number lacking coverage and, therefore, to be included under this proposal is as approximately follows:

- (1) Physical examinations 15,000

(DOD and small agencies' dependents who accompany their sponsors overseas - State, ICA, USIA, and Foreign Agricultural Service - now covered) approximately one exam every two years

- (2) Medical Travel 16,600

(Some 13,300 dependents of State, ICA, USIA and Foreign Agricultural Service; some 1800 DOD employees and dependents not near military medical facilities and approximately 1,500 employees and dependents of other agencies)



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(3) Medical care

a. In-patient hospital care 37,500

Employees. . . . . 22,500  
(1089 DOD employees and 645  
employees of other agencies who  
now receive no care at government  
expense; also includes some 20,700  
DOD employees now receiving care  
at \$5.00 per day.)

Dependents . . . . . 15,000  
(13,300 State, USIA, ICA, Foreign  
Agricultural Service, and 1700 DOD  
dependents and dependents of other  
agencies who now pay entirely for  
their own care.)

b. Out-patient care 26,600

Same dependents as for in-patient  
hospital care above, plus some 9500  
employees of State, USIA, ICA, and  
Foreign Agriculture Service and some  
1,200 employees of DOD and other  
agencies.)

2. Employees in Territories and Possessions

Of the 54,000 U. S. citizen employees in the Territories and possessions,  
it is estimated that less than 15% or approximately 8,145 employees and some  
9,170 dependents will reside in areas considered overseas as defined by the  
Bill by reason of adverse health conditions or lack of suitable non-Federal  
medical facilities. Of this number, nearly all are currently receiving  
medical services of some type.

Cost

The estimated additional annual cost to the Government of the entire  
proposed health and medical program is \$956,000. This estimate can be broken  
down as follows:

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(1) Physical examinations	\$ 60,000
(2) Medical Transportation	149,000
(3) In-patient Hospital Care	375,000 <sup>1/</sup>
(4) Out-patient medical care	372,000 <sup>2/</sup>

The additional costs of providing health and medical care in the Territories and possessions cannot be accurately estimated until a determination is made as to which areas are to be eligible for benefits. It is believed, however, that the additional cost will be small because of the benefits currently being provided.

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- <sup>1/</sup> This estimate includes the loss of the \$5.00 per day charge now paid by DOD employees. The figures are based on an annual admission rate of 128 per 1000 persons covered, and an average length of stay of 6.5 per person.
- <sup>2/</sup> This estimate assumes a cost \$3.65 per treatment and a charge to the employee of \$1.75 per visit. Department of Defense reports out-patient usage rate at 7.5 visits per employee per year.